

State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340

January 5, 1988⁹

TO: Board of Oil, Gas and Mining

THRU: Kenneth E. May, Associate Director, Mining *LOB & EA*

THRU: Lowell P. Braxton, Administrator

FROM: Holland Shepherd, Reclamation Soils Specialist *HWS*

RE: Request for Board Concurrence on Form and Amount of Surety for the Transfer of Atlas Minerals Mines to UMETCO Minerals Corporation, Rim-Columbus Mine, M/037/006, Pandora Mine, M/037/012, Calliham Mine, M/037/023, Velvet Mine, M/037/040

UMETCO Minerals has agreed with Atlas Minerals to assume four sites: The Rim-Columbus Mine, the Pandora Mine, the Calliham Mine, and the Velvet Mine. All four sites are currently covered by a Board Contract with Atlas. All four of these sites are over 5 acres and, therefore, require bonding.

UMETCO Minerals has submitted the attached bonding and permit transfer information for Board approval. Two of the bond estimates for the Calliham Mine and the Rim-Columbus Mine, are less than the original and are based on reevaluated estimates developed by the Division last summer (see attached estimates). The Calliham Mine used to include the Sage Mine. The Sage was recently transferred to Butt Mining Company as a Small Mine.

We have waived the requirement for a Reclamation Agreement (Form MR-RA) required under item #4 of the permit transfer form. These forms were not ready at the time the operator submitted this information. When these forms are ready for general distribution, we will ask the operator to fill them out for the mines discussed above.

jb
Attachment
MN4/65

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

TRANSFER OF NOTICE OF INTENTION
LARGE MINING OPERATIONS

---ooOoo---

1. (a) Notice of intention to be transferred (file number): ACT/037/040
(b) Name of mining operation: Velvet Mine
(c) Location of mining operation (county): San Juan
(d) Name, telephone number and mailing address of the operator currently holding the notice of intention (transferor):
Atlas Minerals
743 Horizon Court, Suite 202
Grand Junction, CO 81506 (303) 243-5800
2. (a) Name, telephone number and mailing address of the operator acquiring the notice of intention (transferee):
UMETCO Minerals
P.O.Box 1029
Grand Junction, CO 81502 (303) 245-3700
(b) Name, telephone number and address of the authorized representatives of the Transferee to whom any notices under the provisions of the Utah Mined Land Reclamation Act may be sent:
Mr. Gene Yoder
UMETCO Minerals
P.O. Box 1029, Grand Junction, CO 81502
3. (a) The total disturbed area identified in the approved notice of intention: 21.9 acres
(b) The actual number of acres disturbed by the operation through date of transfer: 21.9 acres
(c) Attach a legal description of above acreages as Appendix "A" and a map of suitable scale with actual disturbed areas clearly shown and identified.
4. This application must be accompanied by a fully executed and signed Reclamation Agreement (Form MR-RA).
(Forms are being revised)
The Division waives this requirement at this time L.P. Biepter 1-9-89

execute and deliver the foregoing obligations; that I have read the said application and fully know the contents thereof; that all statements contained in the transfer application are true and correct to the best of my knowledge and belief. By execution of this statement I certify that the Transferor is in full compliance with the Utah Mined Land Reclamation Act, the Rules and Regulations promulgated thereunder, and the terms and conditions of Notice of Intention No. ACT/037/040.

Robert T. Exby
Signature
Robert T. Exby
Name (Typed or Print)
Vice President-Finance
Title

Subscribed and sworn before me this 19th day of October, 1988.

Anne B. Nichols
Notary Public

My commission Expires:

September 23, 1989.

State of Colorado)
) ss.
County of Mesa)

FINAL SWORN STATEMENT OF TRANSFEREE

Gene F. Yoder being first duly sworn under oath,
depose and say that I am Land Manager
(officer or agent)
of UMETCO Minerals; and that I am duly authorized to
(operator)
execute and deliver the foregoing obligations; that I have read the
application and fully understand the contents thereof; that all statements
contained in the transfer application are true and correct to the best of my
knowledge and belief. By execution of this statement, the Transferee agrees
to be bound by the terms and conditions of Notice of Intention
No. ACT/037/040, the Utah Mined Land Reclamation Act, and the Rules and
Regulations promulgated thereunder.

Gene F. Yoder
Signature
Gene F. Yoder
Name (Typed or Print)
Land Manager
Title

Subscribed and sworn before me this 4th day of November, 1988.

Shirley M. Woods
Notary Public

My commission Expires:

August 7, 1989.

State of Colorado)

County of Mecon) ss.

CERTIFICATION OF-APPROVAL

This is to certify that I have examined the foregoing application and do hereby grant the same, subject to the following limitations and conditions:

- (a) This transfer of notice of intention grants only the right to affect the lands described in Appendix "A".
- (b) The transferee has provided to the Division a fully executed and signed Reclamation Agreement (Form MR-RA). The surety shall be effective on the date of transfer.
- (c) The transferee, or such other person as required by UCA 1953, Title 40-8, has acquired legal right to mine for lands described in Appendix "A".

COMMENTS:

APPROVED:

(Signature)

Director, Division of Oil, Gas and Mining

Effective Date: _____

NOI No.: _____

APPROVED AS TO FORM:

(Signature)

Assistant Attorney General

APPENDIX A

LEGAL DESCRIPTION

VELVET MINE

Section(s) 3, Township(s) T31S, Range(s) 25E

RECEIVED
NOV 23 1988(August 1985)
(Noncoal)Bond Number _____
Permit Number M/037/040STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
(801) 538-5340

THE MINED LANDS RECLAMATION ACT

BOND

The undersigned Umetco Minerals Corporation
as principal, and Seaboard Surety Company as
surety, hereby jointly and severally bind ourselves, our heirs, administrators,
executors, successors and assigns unto the State of Utah, Division of Oil, Gas
and Mining in the penal sum of Sixty Two Thousand Five Hundred Thirty Five
and no/100 dollars (\$ 62,535.00).

The principal estimated in the Mining and Reclamation Plan filed with the
Division of Oil, Gas and Mining on the 26th day of February
19 82, that 27.9 acres of land will be disturbed
by this mining operation in the State of Utah. A description of the disturbed
land is attached hereto as Exhibit "A."

When the Division has determined that the principal has satisfactorily
reclaimed the above-mentioned lands affected by mining in accordance with the
approved Mining and Reclamation Plan and has faithfully performed all
requirements of the Mined Land Reclamation Act, and complied with the Rules
and Regulations adopted in accordance therewith, then this obligation shall be
void; otherwise it shall remain in full force and effect until the reclamation
is completed as outlined in the approved Mining and Reclamation Plan.

If the approved plan provides for reclamation of the land affected on a
piecemeal or cyclic basis, and the land is reclaimed in accordance with such
plan, then this bond may be reduced periodically.

In the converse, if the plan provides for a gradual increase in the area
of the land affected or increased reclamation work, then this bond may
accordingly be increased with the written approval of the surety company.

PROVIDED FURTHER, the surety herein shall have the right to cancel this bond at
any time upon giving the principal herein and the Utah Department of Natural
Resources at least thirty (30) days prior notice of its desire so to do, such
cancellation, however, shall not affect its liability as to any amounts then due
or thereafter to become due hereunder as the result of mining occurring prior to
the date of cancellation specified in such notice.

NOTE: Where one signs by virtue of Power of Attorney for a surety company, such Power of Attorney must be filed with this bond. If the principal is a corporation, the bond shall be executed by its duly authorized officer.

Dated this 15th day of November, 19 88.

State of Utah
Board of Oil, Gas and Mining

Gregory P. Williams, Chairman

Umetco Minerals Corporation
Principal (Company)

By E. W. Shortridge
Company Officer - Position
E. W. Shortridge, Director of Operations

Date: _____

Seaboard Surety Company
Surety (Company)

By Natalie Reingold
Surety Company Officer - Position
Natalie Reingold, Attorney-In-Fact

DATE: November 15, 1988

APPROVED AS TO FORM:

By _____
Assistant Attorney General

AFFIDAVIT OF QUALIFICATION

Natalie Reingold, being first duly sworn, on oath deposes and says that he/she is the (officer or agent) Attorney-In-Fact of said Surety Company, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety Company is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertakings and obligations.

Seaboard Surety Company

(Signed)

Natalie Reingold
Surety Company Officer - Position

Natalie Reingold, Attorney-In-Fact

Subscribed and sworn to before me this 15th day of November, 19 88.

Vincent Moy
Notary Public

My Commission Expires:

VINCENT MOY
Notary Public, State of New York
No. 41-4926962
Qualified in Queens County
Commission Expires April 25, 1990

EXHIBIT A

LEGAL DESCRIPTIONS - VELVET MINE

Part of Section 3, Township 31 South, Range 25 East, S.L.B.M.
San Juan County, Utah

(The Mining and Reclamation Plans are on file with the Division
of Oil, Gas, and Mining)

No. 2016

ADMINISTRATIVE OFFICES, BEDMINSTER, NEW JERSEY

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS: That SEABOARD SURETY COMPANY, a corporation of the State of New York, has made, constituted and appointed and by these presents does make, constitute and appoint **Natalie Reingold or Virginia F. McIntosh or Victoria M. Gonsalves or Mary R. McKee or Vincent Moy** of **New York, New York** its true and lawful Attorney-in-Fact, to make, execute and deliver on its behalf insurance policies, surety bonds, undertakings and other instruments of similar nature as follows:

Without Limitations

Such insurance policies, surety bonds, undertakings and instruments for said purposes, when duly executed by the aforesaid Attorney-in-Fact, shall be binding upon the said Company as fully and to the same extent as if signed by the duly authorized officers of the Company and sealed with its corporate seal; and all the acts of said Attorney-in-Fact, pursuant to the authority hereby given, are hereby ratified and confirmed.

This appointment is made pursuant to the following By-Laws which were duly adopted by the Board of Directors of the said Company on December 8th, 1927, with Amendments to and including January 15, 1982 and are still in full force and effect:

ARTICLE VII, SECTION 1:

"Policies, bonds, recognizances, stipulations, consents of surety, underwriting undertakings and instruments relating thereto.

Insurance policies, bonds, recognizances, stipulations, consents of surety and underwriting undertakings of the Company, and releases, agreements and other writings relating in any way thereto or to any claim or loss thereunder, shall be signed in the name and on behalf of the Company

(a) by the Chairman of the Board, the President, a Vice-President or a Resident Vice-President and by the Secretary, an Assistant Secretary, a Resident Secretary or a Resident Assistant Secretary; or (b) by an Attorney-in-Fact for the Company appointed and authorized by the Chairman of the Board, the President or a Vice-President to make such signature; or (c) by such other officers or representatives as the Board may from time to time determine.

The seal of the Company shall if appropriate be affixed thereto by any such officer, Attorney-in-Fact or representative."

IN WITNESS WHEREOF, SEABOARD SURETY COMPANY has caused these presents to be signed by one of its Vice-Presidents, and its corporate seal to be hereunto affixed and duly attested by one of its Assistant Secretaries, this 10th day of March, 1987



Attest:

(Seal)

Lia A. Rillo

Assistant Secretary

SEABOARD SURETY COMPANY,

By

Michael B. Keegan

Vice-President

STATE OF NEW JERSEY ss.:

COUNTY OF SOMERSET

On this 10th day of March, 1987, before me personally appeared Michael B. Keegan a Vice-President of SEABOARD SURETY COMPANY, with whom I am personally acquainted, who, being by me duly sworn, said that he resides in the State of New Jersey; that he is a Vice-President of SEABOARD SURETY COMPANY, the corporation described in and which executed the foregoing instrument; that he knows the corporate seal of the said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto as Vice-President of said Company by like authority.

(Seal) **FELICE M. CATALANO**
NOTARY PUBLIC OF NEW JERSEY
My Commission Exp. June 4, 1991

Felice Catalano

Notary Public

C E R T I F I C A T E

I, the undersigned Assistant Secretary of SEABOARD SURETY COMPANY do hereby certify that the original Power of Attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this Certificate and I do further certify that the Vice-President who executed the said Power of Attorney was one of the Officers authorized by the Board of Directors to appoint an attorney-in-fact as provided in Article VII, Section 1, of the By-Laws of SEABOARD SURETY COMPANY.

This Certificate may be signed and sealed by facsimile under and by authority of the following resolution of the Executive Committee of the Board of Directors of SEABOARD SURETY COMPANY at a meeting duly called and held on the 25th day of March 1970.

"RESOLVED: (2) That the use of a printed facsimile of the corporate seal of the Company and of the signature of an Assistant Secretary on any certification of the correctness of a copy of an instrument executed by the President or a Vice-President pursuant to Article VII, Section 1, of the By-Laws appointing and authorizing an attorney-in-fact to sign in the name and on behalf of the Company surety bonds, underwriting undertakings or other instruments described in said Article VII, Section 1, with like effect as if such seal and such signature had been manually affixed and made, hereby is authorized and approved."

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Company to these presents this 15th day of November, 1988

*Elizabeth Dufwies*

Assistant Secretary

Form 957 (Rev. 7/84)

SEABOARD SURETY COMPANY

ADMINISTRATIVE OFFICES: BEDMINSTER, NEW JERSEY

FINANCIAL STATEMENT—JUNE 30, 1986

ASSETS

*Stocks and Bonds.....	\$122,440,194.
Cash in Office & Banks.....	(3,356,656.)
Accrued Interest & Dividends.....	2,619,257.
Outstanding Premiums.....	(3,690,208.)
Accounts Receivable.....	4,676,147.

Total Admitted Assets..... \$122,688,734

LIABILITIES

Reserve for Unearned Premiums.....	\$ 35,888,371.
Claim Reserves.....	19,546,558.
Other Reserves.....	8,396,635.
Capital Stock.....	2,500,000.
Surplus.....	56,357,170.

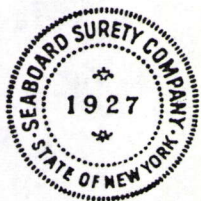
Total Liabilities..... \$122,688,734

* Bonds and stocks are valued on basis approved by National Association of Insurance Commissioners.
Securities carried at \$7,082,599 in the above statement are deposited for the purpose required by law.

STATE OF NEW JERSEY }
COUNTY OF SOMERSET } ss.:

I, G. F. THOMPSON, President of SEABOARD SURETY COMPANY, do hereby certify that the foregoing is a full, true and correct copy of the Financial Statement of said Company, as of June 30, 1986.

IN WITNESS WHEREOF, I have signed this statement at New York, New York, this ..15th..... day of
..... November, 19..88.....



Revised Form 157

A large, stylized handwritten signature in black ink, likely belonging to G. F. Thompson, the President of the company.

President